PART IV

SECTION—1 B

CENTRAL ACTS AND ORDINANCES

GOVERNMENT OF KARNATAKA

DEPARTMENT OF LAW & PARLIAMENTARY AFFAIRS

No. LAW 28 LCA 75, Bangalore, dated the 14th May 1975

NOTIFICATION

The Governor of Karnataka is pleased to order that the Trust Laws (Amendment) Act, 1975 (16 of 1975) which has been published in the Gazette of India, Extraordinary, Part II, Section 1, dated 29th March 1975 be republished in the **Karnataka Gazette**, for general information.

M. BALAJI RAO,
I/c Under Secretary to Government,
Department of Law & Parliamentary Affairs.

THE TRUST LAWS (AMENDMENT) ACT, 1975

Assented to on 29th March 1975. Act No. 16 of 1975.

THE TRUST LAWS (AMENDMENT) ACT, 1975

AN

ACT

Further to amend the Indian Trusts Act, 1882 and the Unit Trust of India Act, 1963

Be it enacted by Parliament in the Twenty-sixth Year of the Republic of India as follows:—

1. Short title and commencement.—(1) This Act may be called the Trust Laws (Amendment) Act, 1975.

(2) Sections 3, 4 and 5 shall come into force at once; Section 6 shall come into force on the 1st day of April, 1975; and the remaining provisions of this Act shall be deemed to have come into force on the 7th day of January, 1975.

2. Amendment of Section 20.—In Section 20 of the Indian Trusts Act, 1882 (2 of 1882),—

(a) in clause (e), the word "' or ", occurring at the end, shall be omitted;

(b) after clause (e), the following clause shall be inserted, namely:—

"(ee) in units issued by the Unit Trust of India, under any unit scheme made under Section 21 of the Unit Trust of India Act, 1963 (52 of 1963); or";

(c) in clause (f), after the words "expressly authorized by the instrument of trust,", the words "or by the Central Government by notification in the Official Gazette," shall be inserted.

3. Insertion of new Section 3A.—In the Unit Trust of India Act, 1963 (52 of 1963) (hereinafter referred to as the Unit Trust Act), after Section 3, the following section shall be inserted, namely:—

'3A. Prohibition against the use of the words "Unit Trust", "Unit", or "Units" as a part of the name of any person other than the Trust.—(1) No individual or group of individuals, or company,other than the Trust, who or which accepts money by way of any loan, deposit, investment or similar other transaction, shall use the word or words "Unit Trust", "nit" or "Units" as a part of his or its name.

Explanation.—For the removal of doubts it is hereby declared that nothing in this sub-section shall be deemed to prevent any individual or group of individuals, or company from describing any scrip or other security issued by him or it for any amount which has been received and repayable by him or it in the course of transaction of any business which is of the nature of a unit trust or mutual fund, as a unit certificate or units, as the case may be.

(2) If any provision of sub-section (1) is contravened, any person guilty of such contravention shall be punished with fine which may extend to two thousand rupees, and where the contravention is a continuing one, with a further fine which may extend to one hundred rupees for every day after the first during which the contravention continues.

(3) Where any provision of sub-section (1) has been contravened by a company, every person who at the time of such contravention was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided herein if he proves that the contravention was made without his knowledge or that he had exercised all due diligence to prevent the contravention.

(4) Notwithstanding anything contained in sub-section (3), where any offence under this section has been committed with the consent or connivance of, or is attributable to, any neglect on the part of, any director, manager, secretary or other officer, such director, manager, secretary or other officer shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

(5) No court shall take cognizance of any offence punishable under this section except upon a complaint in writing made by an officer of the Trust generally or specially authorized in writing in this behalf by the Trust and no court inferior to that of a Metropolitan Magistrate or a Judicial Magistrate of the first class shall try such offence.

Explanation.—For the purposes of this section,—

(a) "company" means any body corporate and includes a firm or other association of individuals; and

(b) "director", in relation to a firm, means a partner in the firm.'.

4. Amendment of section 14.—In section 14 of the Unit Trust Act, in sub-section (2), in clause (a), the words "and shall be eligible for re-appointment" shall be, and shall be deemed always to have been, inserted at the end

5. Amendment of section 21.—In section 21 of the Unit Trust Act,—

(i) in sub-section (2), after clause (g), the following clause shall be inserted, namely :—

"(ga) the application for, and the holding of, or dealing with, units by any parent of a minor;"

(ii) after sub-section (2), the following sub-section shall be inserted, namely:—

(2A) Where any parent of a minor holds, deals with or makes any application for the purchase of a unit on behalf of the minor, the provisions of the scheme, in pursuance of which the unit had been issued, shall be binding on the minor.

(2B) Where the payment of any sum becomes due on, or in respect of, any unit held on behalf of a minor, such payment shall, subject to the provisions of the scheme, be made to the parent by whom the purchase of such unit was applied for or by whom such unit was acquired, as the case may be, and such parent shall be entitled to receive such payment for and on behalf of the minor; and, in the event of the death of the said parent, such payment shall be made to the lawful guardian of the minor.

Explanation.—References in this section to "parent" shall be construed as including references to step-parent.'.

6. Amendment of section 32.—In section 32 of the Unit Trust Act,—

(i) in sub-section (1),—

(a) after the words "anything contained in", the words and figures "the Wealth-Tax Act, 1957" (27 of 1957) shall be inserted;

(b) after clause (a), the following clauses shall be inserted, namely:—

"(b) in the case of an assessee being—

(i) an individual, or

(ii) a Hindu undivided family, or

(iii) an association of persons or a body of individuals consisting only of husband and wife governed by the system of community of property in force in the Union territories of Dadra and Nagar Haveli and Goa, Daman and Diu,

there shall be allowed, in computing the total income of the assessee, for the purposes of the Income-tax Act.

1961, (43 of 1961) a further deduction of an amount equal to so much of the income in respect of units received by the assessee during the previous year as has not been allowed by way of deduction under section 80L of the Income-tax Act, 1961, (43 of 1961) so however, that the amount to be deducted under the provisions of this clause shall not exceed two thousand rupees.

Explanation.—In this clause, the expressions "assessee", "previous year" and "total income" shall have the meanings respectively assigned to them in the Income-tax Act, 1961; (43 of 1961).

(ba) in the case of an assessee, being an individual or a Hindu undivided family, wealth-tax shall not be payable by the assessee in respect of, and there shall not be included in, the net wealth of the assessee computed under the Wealth-tax Act, 1957, (27 of 1957) so much of the assets in the form of units as have not been excluded from the net wealth of the assessee under section 5 of that Act; so, however, that value of the assets excluded under this clause shall not exceed twenty-five thousand rupees.

Explanation.—In this clause, the expressions "assessee" and "net wealth" shall have the meanings respectively assigned to them in the Wealth-tax Act, 1957.'; (27 of 1957).

(ii) in sub-section (2), in clause (c), for the words "three thousand rupees", wherever they occur, the words "five thousand rupees" shall be substituted.

7. Substitution of new sections for section 39.—For section 39 of the Unit Trust Act, the following sections shall be substituted, namely:—

"39. **No trust to be taken notice of.**—Except to the extent provided in, and except in accordance with the regulations made under this Act, no notice of a trust, express, implied or constructive, shall be receivable by the Trust.

39A. **Nomination by unit holders and agents.**—(1) Notwithstanding anything contained in any other law for the time being in force,—

(a) where a nomination in respect of any units has been made in accordance with the regulations made under this Act, the amount payable to the unit holder in respect of the said units shall, on the death of the unit holder but subject to any right, title, claim or other interest of any other person to or in respect of the said units as provided in such regulations, and subject to any charge or encumbrance over the said units, vest in, and be payable to, the nominee;

(b) where any person appointed by the Trust as an agent for soliciting or procuring any business, including the sale of units, has nominated, in accordance with the regulations made under this Act, any person or a social or charitable institution, to receive the commission or other remuneration payable to him after his death, such commission or other remuneration shall, on the death of the person making the nomination, be payable to his nominee:

Provided that nothing contained in this section shall affect any nomination made before the date on which the Trust Laws (Amendment) Act, 1975, receives the assent of the President.

(2) A payment by the Trust under sub-section (1) shall be a full discharge to the Trust, from all liability in respect of the units, or, as the case may be, the commission or other remuneration.

39B. **Protection of certain amounts from attachment.**—Notwithstanding anything contained in any other law for the time being in force, the amount standing to the credit of a contributing institution shall not be liable to attachment under any decree or order of any court in respect of any debt or liability incurred by the contributing institution.".

8. Amendment of section 43.—In section 43 of the Unit Trust Act, in sub-section (2),—

(i) in clause (n), the word "and" occurring at the end shall be omitted;

(ii) after clause (n), the following clause shall be inserted, namely:—

"(nn) the extent to which and the circumstances under which nominations may be recognized and trust may be taken notice of; and".

9. Repeal and saving.—(1) The Trust Laws (Amendment) Ordinance, 1975, (1 of 1975) is hereby repealed.

(2) Notwithstanding such repeal, anything done or any action taken under the Indian Trusts Act, 1882, (2 of 1882) or the Unit Trust Act, as amended by the said Ordinance, shall be deemed to have been done or taken under the Indian Trust Act, 1882 or Unit Trust Act, as amended by this Act.

K. K. SUNDARAM,
Secretary to Government of India.

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